



SOMERSET PLANNING & ENGINEERING SERVICES, LLC

222 West Main Street • Suite 100 • Somerset, PA 15501 • 814-443-1319 • FAX 443-1368

November 4, 2008
Project No. 1150-10

Method of Transmission
Electronic Mail

Dick Moore
Montana Department of Natural Resources and Conservation
Southern Land Office
1371 Rimtop Drive
Billings, MT 59105

*Re: Coyote Wind Project
Sweet Grass County, Montana
Transmittal of Final Scoping Report*

Dear Mr. Moore:

On behalf of Coyote Wind, LLC, (Coyote), Somerset Planning and Engineering Services, LLC (SP&ES), transmits herein the Coyote Wind Project Scoping Report prepared by Garcia and Associates (Garcia).

The document reports the results of the public scoping period held earlier this year. A draft copy of this report was previously reviewed by DNRC in the persons of Jeff Bollman and yourself. Coyote sincerely appreciates your support in that effort. The attached document represents the results of the public scoping process and the draft report review.

Should you have any questions please contact me.

Best regards,

Jon, A. Wahl, President
Somerset Planning & Engineering Services, LLC

cc: Pam Spinelli, Garcia and Associates
Javier Bahamonde Marchamalo, Enerfin Energy Company, Inc.
James Ansell, Alternity Wind Power

Coyote Wind Project Scoping Report

Prepared for:

Montana Department of Natural Resources and Conservation
Southern Land Office
1371 Rintop Drive
Billings, MT 59105

Prepared by:

Garcia and Associates
1716 West Main St.
Suite 8-F
Bozeman, Montana 59715
406-582-0661
406-582-0659

October 31, 2008

J5077-1

Table of Contents

1.0 Introduction.....	1
2.0 Analysis of Comments.....	1
2.1 Socioeconomics	2
2.1.1 Comment Summary	2
2.1.2 Issues Raised	3
2.2 Land Use and Management	3
2.2.1 Comment Summary	3
2.2.2 Issues Raised	4
2.3 Water Quality.....	5
2.3.1 Comment Summary	5
2.3.2 Issues Raised.....	5
2.4 Cultural Resources	5
2.4.1 Comment Summary	5
2.4.2 Issues Raised.....	5
2.5 Wildlife and Ecology	6
2.5.1 Comment Summary	6
2.5.2 Issues Raised.....	6
2.6 Aesthetics and Noise.....	7
2.6.1 Comment Summary	7
2.6.2 Issues Raised.....	7
2.7 Bonding and Reclamation.....	7
2.7.1 Comment Summary	7
2.7.2 Issues Raised.....	7
2.8 Engineering and Project Design.....	7
2.8.1 Comment Summary	7
2.8.2 Issues Raised.....	8
2.9 MEPA Process and Issues.....	8
2.9.1 Comment Summary	8
2.9.2 Issues Raised.....	8
3.0 Comments Evaluated and Dismissed.....	8

1.0 Introduction

The Montana Department of Natural Resources and Conservation (DNRC) is beginning the process of completing an Environmental Impact Statement (EIS) on the following Trust land described as Section 36, Township 1 North, Range 12 East in Sweet Grass County. This parcel was proposed for lease to develop wind exploration and energy facilities under a Request for Proposals (RFP) issued by the DNRC in 2005. Coyote Wind, LLC (Coyote Wind) was the successful respondent to this RFP and is proposing to construct six to ten wind turbines and associated facilities on the Trust land. This section was previously identified in a statewide study of Trust lands as having characteristics that would be conducive to wind energy development. Coyote Wind is also constructing 35 to 40 wind turbines on private land to the south of the state parcel. Development on private land is not part of the action being evaluated in DNRC's EIS. It will, however, be considered as part of the existing condition under the "no action" alternative.

DNRC opened the scoping period for the Coyote Wind Project EIS May 12, 2008. On May 12, 2008, DNRC mailed 31 letters soliciting comments on the proposed Coyote Wind Project to surrounding landowners and to the following agencies: US Fish & Wildlife Service, Montana Fish Wildlife and Parks, Sweet Grass County BOCC and Park County BOCC (see Appendix A for a complete list of recipients). On May 29, 2008, DNRC held a public meeting in Big Timber, Montana at the Carnegie Public Library. Approximately 25 members of the public attended the meeting. Dick Moore and Jeff Bollman of DNRC; Todd Martin of Alternity Wind LLC, Fred Brant of Somerset Planning and Engineering; and Anne Cossit, Graham Neale, Leanne Roulson, and Pam Spinelli of Garcia and Associates (GANDA) were present to run the meeting and note comments and concerns from the public. Comments made at the meeting were collected and re-typed by GANDA for inclusion in this report. Comments received via postal mail or e-mail were forwarded to GANDA. The scoping period closed on June 13, 2008.

Under the Montana Environmental Policy Act (MEPA), the intent of scoping is to solicit participation from the public and interested agencies regarding the direction, breadth, and extent of the analysis contained in an EIS. Comments are evaluated based on their content, relevance, and jurisdiction of DNRC and associated agencies. Public scoping comments may redirect the analysis or assist in development of alternatives.

This report summarizes comments received by DNRC during the Coyote Wind EIS scoping period. Some comments requested analysis beyond the scope of the EIS, outside of the jurisdiction of DNRC, or inconsistent with the legal framework associated with the process of leasing state land. These comments are catalogued in this report, but no further analysis will be completed.

2.0 Analysis of Comments

Seven individuals or entities submitted comments to DNRC, in addition to the many (approximately 30) comments recorded at the May 29 scoping meeting, during the public scoping period. The majority of comments were from individual citizens. Several commenters addressed more than one topic or resource area in their submittals. The comments from the May

29 meeting were collected anonymously, and it is impossible to determine how many individuals commented, or which issues each person commented on. The following agencies were contacted US Fish & Wildlife Service, Montana Fish Wildlife and Parks, Sweet Grass County BOCC and Park County BOCC.

2.1 Socioeconomics

Comments were made at the May 29 scoping meeting and at least two additional comments were received by DNRC on issues related to the economic effects or analysis that should be examined in the EIS. GANDA reviewed these comments, grouped them into substantive issues, and provided the following analysis. The comments generally fell into four areas; employment, changes in land values, effects on the local economy and tax base, and other financial concerns.

2.1.1 Comment Summary

Employment

At least three commenters specifically mentioned the potential effect that the project would have on employment in Sweet Grass County. One commenter believed that the level of employment in the county was high enough that no economic benefit would be gained by adding the jobs for the wind project.

Changes in Land Values

Two commenters expressed concern over the potential depreciation in the value of lands in the vicinity of the project. One commenter believed that wind leases were preferable to subdividing ranch lands to generate income from the private lands.

Economic Effects

Three comments were received requesting that the effect of the proposed wind project on the local economy be evaluated. Other commenters asked for specific effects of the project on sectors of the economy such as roads, real estate, jobs, tax base, schools, etc. One commenter mentioned possible effects to adjacent landowners if the project causes an increase in noxious weeds. Commenters differed on their perception of whether the wind project would benefit Montana economically. Some commenters expressed support for the economic benefits of “clean” energy while others opposed the project because they believe that the majority of the economic benefits will go to the operator rather than the DNRC.

Other Financial Concerns

One comment questioned how the state calculates the annual fee for the lease. Another comment raised the issue of whether the economic benefit to the state was worth the potential cost, and proposed an alternative – private purchase of the parcel at a higher rate than the lease revenue would generate.

2.1.2 Issues Raised

Employment

We will address the potential for changes in employment in Sweet Grass County using existing literature values, data from the proposed operator, and surveys. The types and numbers of jobs likely to be generated by the proposed project will be described by project phase (planning, construction, operation) and duration.

Changes in Land Values

Changes in land values will not be evaluated in detail in the EIS. The level of analysis required to conduct such a study is outside the scope of this EIS, but existing information, though very case specific and often contradictory, will be included in the EIS.

Effects on Local Economy

Economic effects on the local economy will be described qualitatively in terms of likely sectors most or least affected. To fully address these effects quantitatively, particularly down to specific sectors of the economy, would require two elements: (a) estimate of the annual income generated by the project; and (b) a regional economic model for the economy. While we have an economic profile of the existing local economies, there is no off-the-shelf regional economic model of the Sweet Grass County economy. We will be using the Montana Department of Commerce and U.S. Census Bureau of Economic Analysis data to describe the existing condition of the economy in the county. In addition, the projected property tax revenue from the entire wind farm development will be addressed in the EIS.

Other Financial Concerns

The action to be evaluated in the EIS is the action of DNRC leasing the land for the purpose of wind power generation. Relevant financial information pertaining to that action will be described in the EIS, including the projected revenue to the Trust.

2.2 Land Use and Management

Several comments were recorded at the May 29 scoping meeting and at least two additional comment letters were received by DNRC on issues regarding the effects on land use or management analyses that should be examined in the EIS. GANDA reviewed these comments related to land use and recreation, grouped them into substantive issues and provided the following analysis. The comments generally fell into four areas; effects on existing and future state land use and management, effects on existing and future private land use, consistency with county growth policy, and projected changes in recreational use due to the proposed wind project.

2.2.1 Comment Summary

Private Lands

Comments related to existing land use focused on current owners' concerns related to land values and proximity to the proposed wind project. Comments related to future land use and management included concerns over weed control, road use, and maintenance costs. Commenters also asked that the scope of analysis in the EIS include:

-
1. Land boundary management (fences, access);
 2. Impacts on adjacent land uses such as agriculture (grazing, irrigation);
 3. Impacts to county roads dues to construction and who is responsible for maintenance;
 4. Potential for restricting future subdivision of lands;
 5. Address “takings” and property rights issues related to land use impacts and restrictions;

Public Lands

The land parcel in question is held by the State of Montana in Trust for the benefit of the Common Schools Trust. Comments on land use within public lands focused on current and future use of the land. Several comments were made regarding the choice of this particular site and parcel of State Trust Land. Commenters requested information on how other uses of the public lands may be affected, such as existing grazing leases.

County Growth Policy

One comment stated that the proposed project violates the Sweet Grass County Growth Plan.

Recreation

Concern was expressed regarding whether the change in access to the State parcel would result in restrictions or expansions on existing or future access, wildlife viewing, hunting, hiking, picnicking, camping.

2.2.2 Issues Raised

Private and Public Lands

The large majority of comments on land use (public lands, existing and planned uses) address concerns included in the scope of analysis planned for the EIS. Exceptions and caveats to this include:

Potential for restricting future subdivisions, takings, and property rights issues: The land use analysis will serve as the basis for addressing these concerns, but these issues are not a part of the land use scope of work. Land valuations analysis is not part of the EIS scope. Other land use issues may be addressed in the regulatory issues section of Chapter 2 of the EIS.

County road maintenance: County road maintenance is outside of the jurisdiction of DNRC. The agency has no authority to impose fees on, or limit use of, the county road. However, the issue of impacts to the county roads will be addressed in the EIS.

County Growth Policy

The EIS will include a section on consistency with, and relationship of the proposed action to existing federal, state, and local laws.

Recreation

All issues raised in comments on recreation are within the scope planned for the EIS.

2.3 Water Quality

One comment was received by DNRC related to water quality issues on the Yellowstone River that should be examined in the EIS.

2.3.1 Comment Summary

Specifically, the commenter wanted information on permitting and the potential for sediment and pollutants to be delivered to Duck Creek, a tributary of the Yellowstone River.

2.3.2 Issues Raised

Scope of Analysis Related to Discharge

A clear definition of how non-point source discharges are addressed must be made. Effects of the project on water quality will be included in the scope of analysis for the EIS.

2.4 Cultural Resources

Comments were made at the May 29 scoping meeting and at least three additional comments were received by DNRC regarding the project's effects on archaeological resources and on the historical integrity and cultural heritage of the Lewis and Clark National Historic Trail. One commenter requested a copy of the DNRC's cultural resources report of the state parcel of land.

2.4.1 Comment Summary

Archaeological Resources

One comment addressed the impacts of the project to cultural and archeological resources on the state land.

Historical Resources

Several comments were raised as to the project's impacts on Lewis and Clark National Historic Trail and the view shed from the trail. One comment was specifically concerned about the effect of the project on people floating down the Yellowstone River. In addition to impacts on the view shed, comments addressed how traffic and noise from the project would affect users of the historic trail, and how the project might affect/displace wildlife that were historically and still present.

2.4.2 Issues Raised

Archaeological Resources

DNRC conducted a Class III cultural resources survey of the state parcel of land in 2005 (Rennie 2006). A Class III inventory includes a pedestrian survey of the entire parcel. Survey results will be included in the EIS.

Historical Resources

Several of the related concerns of the comments on historical impacts will be covered in other resource areas of the EIS (aesthetics, traffic, noise, wildlife). Impacts to historical resources are within the scope of the EIS and will be addressed to the extent they are related to the proposed action.

2.5 Wildlife and Ecology

2.5.1 Comment Summary

Wildlife

There were two comments that mentioned wildlife from the May 29 scoping meeting notes, and numerous others comments sent directly to DNRC. Concerns about wildlife issues were the most detailed comments received. In general they addressed the extent to which, and methods for, evaluating existing use of the parcel and surrounding lands by birds, bats and other wildlife; and comments about turbine placement and measures the project could implement to minimize wildlife impacts. A number of comments voiced concern about the proximity of the project to the Yellowstone River, and the river corridor's value to wildlife.

General Ecology

A number of comments addressed general ecological concerns. There were several comments related to vegetation: a comment that the state should require that all vegetative restoration work for native habitats use native plants; disturbed Conservation Reserve Program (CRP) land should be replanted back to native grass varieties as much as possible; the project's effect on the flora and on noxious weeds should be assessed.

2.5.2 Issues Raised

Wildlife

It is recognized that the prairie dog town on the state land is a potential attractant to predatory birds. Studies are currently underway to evaluate the use of the parcel, including the prairie dog town, by all birds, including sensitive species. Assessment of how the prairie dog town could be a factor influencing wildlife impacts from the wind farm is within the scope of the EIS.

Pre-construction surveys for bird and bat use of the project area are currently underway and will continue through the winter (4 season study) migration period. These surveys have been designed using accepted protocols such as those in documents by the US Fish and Wildlife Service, American Wind Energy Association, and California Energy Commission and California Department of Fish and Game. Studies underway will document breeding bird use of the area (smaller birds such as passerines as well as raptors and waterfowl), raptor nests (ground, tree, and cliff) within 4 miles of the state parcel, sage grouse habitat and use, and bat species presence and relative abundance.

The environmental impacts to wildlife resources of the proposed action and all alternatives will be fully addressed in the EIS.

General Ecology

Project effects on threatened or endangered flora and wetlands will be assessed in the EIS. Coyote Wind will be required to submit a noxious weed control plan to comply with all existing laws. There is no CRP land on the state parcel so that issue will not be addressed.

2.6 Aesthetics and Noise

Several comments were recorded at the May 29 scoping meeting and at least two additional comment letters were received by DNRC on issues regarding visual impacts and preserving the land aesthetic and view shed.

2.6.1 Comment Summary

The key concern expressed was how the project would affect the general scenery and aesthetics of the area, both to adjacent landowners and to the public within the view shed; and concern over noise and lighting impacts from construction and operation of the project.

2.6.2 Issues Raised

The effects of the project on the view shed, how lighting will affect the aesthetics of the area, and the effects of ambient noise, will all be addressed in the EIS. Project effects on the view shed will be assessed via modeling of the visual impacts of the turbines from various vantage points, and during the day and at night. A qualitative evaluation of noise level impacts is included in the EIS.

2.7 Bonding and Reclamation

2.7.1 Comment Summary

There was one comment asking if a construction bond is required and who is responsible for reclamation.

2.7.2 Issues Raised

Bonding and reclamation requirements will be described in the EIS under the description of the proposed action and alternatives if relevant.

2.8 Engineering and Project Design

Several questions/comments were raised at the scoping meeting and in one written comment regarding the specifics of the proposed action.

2.8.1 Comment Summary

Comments generally addressed the need for a detailed description of the proposed action, time line for construction and operation, questions about any new transmission lines or connectivity to existing lines, total number of turbines proposed to be constructed by Coyote Wind including

those on adjacent private land, height of turbines, effects on existing substation, how much energy will be produced, and markets for the power.

2.8.2 Issues Raised

The EIS will include a description of the proposed action on the state parcel in enough detail that all impacts can be assessed. The EIS will also include a description of development on adjacent private land, though that development is not the subject of the proposed action evaluated in this EIS.

2.9 MEPA Process and Issues

Several comments were received by DNRC on issues related to the MEPA process and how it was being handled.

2.9.1 Comment Summary

Comments on cumulative effects analysis, concern about the contracting process used for the EIS, and concern about DNRC's public scoping notice process were received by DNRC.

2.9.2 Issues Raised

Per the MEPA Guidelines (Everts 2006), "*cumulative impacts are defined in MEPA as "the collective impacts on the human environment when considered in conjunction with other past, present, and future actions related to the proposed action by location and generic type. Cumulative impact analysis includes a review of all state and nonstate activities that have occurred, are occurring, or may occur that have impacted or may impact the same resource as the proposed action."* The EIS will address cumulative effects consistent with state law.

The issue of whether Garcia and Associates, the EIS consultant, is under contract to DNRC or to the wind developer, is outside the scope of the EIS.

The scoping notice procedure used by DNRC is consistent with the requirements of MEPA and thus this comment is not substantive.

3.0 Comments Evaluated and Dismissed

Although every comment received was read and assessed as part of the public involvement phase of this EIS, some comments were outside of the scope work of the EIS analysis. Many of these comments have been addressed earlier in this document. This section calls out additional comments that will not be addressed in the EIS.

One comment was received stating that no information was provided at the scoping meeting regarding the specific financial ability of the developer to complete this project. MEPA does not require such an analysis and thus it is outside the scope of this EIS.

One comment made at the scoping meeting was a general concern that there was a lack of feedback on questions being asked. The purpose of the scoping meeting is not to answer

questions but to record comments, concerns and issues from the public that will help drive the EIS process.

Appendix A

**List of recipients of DNRC
Scoping Letter**

Anne Hedges
Montana Environmental Information Center
PO BOX 1184
HELENA, MT 59624

Bill Orsello or Stan Frasier
MONTANA WILDLIFE FEDERATION
PO BOX 1175
HELENA, MT 59624

Bob Vogel
Montana School Boards Association
One South Montana Avenue
Helena, MT 59601

Daniel Berube
27 Cedar Lake Drive
Butte, MT 59701

ELLEN ENGSTEDT
MONTANA WOOD PRODUCTS
PO BOX 1149
HELENA, MT 59624

Harold Blattie
Montana Association of Counties
2715 Skyway Drive
Helena, MT 59601

JACK ATCHESON, SR.
3210 OTTAWA
BUTTE, MT 59701

US Fish & Wildlife Service
2900 – 4th Avenue North, Suite 301
Billings, MT 59101

NANCY SCHLEPP
MT FARM BUREAU FEDERATION
502 SOUTH 19th, SUITE 4
BOZEMAN, MT 59715

Ray Marxer
Matador Cattle Co.
9500 Blacktail Road
Dillon, MT 59725

Rosi Keller
University of Montana
32 Campus Drive
Missoula, MT 59812-0001

Kathy Bramer
Montana Office of Public Instruction
PO Box 202501
Helena, Montana 59620-2501

Jeanne Holmgren
DNRC
P.O. Box 201601
Helena, MT 59620-1601

Leslie Taylor
MSU Bozeman
P.O. Box 172440
Bozeman, MT 59717

JANET ELLIS
MONTANA AUDUBON
PO BOX 595
HELENA, MT 59624

Gary Hammond, Regional Supervisor
Fish Wildlife and Parks
2300 Lake Elmo Drive
Billings, MT 59105

Sweet Grass County
Board of County Commissioners
200 West 1st Avenue
Big Timber, MT 59011

Park County
Board of County Commissioners
414 East Callender Street
Livingston, MT 59047-2799

John Esp
PO Box 1024
Big Timber, MT 59011-1024

Bruce Malcolm
2319 Highway 89 South
Emigrant, MT 59027-6023

Robert Story
133 Valley Creek Road
Park City, MT 59063-8040

John Ross
129 North Stillwater Road
Absarokee, MT 59001-6235

Wild Eagle Mountain Ranch, LLC
PO Box 130
Springdale, MT 59082-0130

Crazy Mountain Cattle Company
696 North Yellowstone Trail
Big Timber, MT 59011-7766

RF Building Company, LLP
398 North Yellowstone Trail
Big Timber, MT 59011-7827

Rock Creek Ranch I Ltd
909 Fannin Street
Suite 2600
Houston, TX 77010-1009

Alfred Anderson
865 North Yellowstone Trail
Big Timber, MT 59011-7765

Engwis Investment Company
Jan Engwis
PO Box 1570
Big Timber, MT 59011-1570

Stephen E. Woodruff
Huppert, Swindlehurst & Woodruff, P.C.
PO Box 523
Livingston, MT 59047

Lou Hanebury, Fish & Wildlife Biologist
US Fish & Wildlife Service
2900 – 4th Avenue North, Suite 301
Billings, MT 59101-1228

Allison Puchniak Begley, Native Species Biologist
Montana Fish, Wildlife & Parks
2300 Lake Elmo Drive
Billings, MT 59105